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The UN Global Compact: Responsibility for Human Rights, Labor Relations, and the Environment in Developing Nations†

Ambassador Betty King*

The Secretary General and his advisor on the subject, John Ruggie, were delighted to hear of your interest in the Global Compact. Too often those who labor at the United Nations on the difficult issues of the day do so in obscurity and worry about the relevance of their work to the “real world” and the seeming lack of interest by that world in their work. The cause for concern was made more obvious by the now familiar demonstrations at meetings of other international organizations. The protests in Seattle and Prague, however misguided, showed, at a minimum, some interest in and knowledge of the work of the World Trade Organization (WTO) and the World Bank. By comparison, issues of trade, debt reduction, development assistance and globalization are the subjects of daily debates at the UN and grist for the texts of resolutions and proclamations. However, it was not until these issues were put in a framework of human rights that the UN’s obvious role was acknowledged and supported.

The Global Compact was first proposed by Secretary General Kofi Annan in an address to the World Economic Forum in Davos, Switzerland, in January 1999. There, he challenged world business leaders to help build the social and environmental pillars required to sustain the new global economy and make globalization work for the world’s people. His proposal was received with as much enthusiasm as critical reserve. It struck a responsive chord among those countries that have benefited most from the globalized economy, which recognize its downsides and acknowledge some responsibility for doing something about it.

It was denigrated by those leaders who believe that the global economy has been detrimental to the development of their countries and who view transnational corporations as the masters of an unfair and unkind universe.

These divergent responses epitomize the North/South divide on development, income disparities, technology transfer, health, the environment, and related problems. It also reflects a similar divide in solutions to those problems: the North advocates human rights, democracy, transparency,

† Ambassador King gave this speech on March 31, 2001 as the keynote speaker for the *Cornell International Law Journal* 2001 symposium.

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responsibilities; the South counters with more aid, trade, and debt forgiveness.

This was the context for the development of the Global Compact, which in its simplest form is the dissemination of and adherence to good business practices, which encompass principles of human rights, principles of the environment and development, and fundamental principles of rights at work. There are nine principles: two on the protection of human rights; four on labor, focusing on elimination of discrimination and child and compulsory labor, as well as promotion of the right of association; the other three on the protection of the environment. While the Global Compact promotes these good practices and encourages companies to adopt them, it does not—and this is an important distinction—endorse companies that participate in this initiative. These principles were drawn from existing UN documents and agencies such as the International Labor Organization (ILO) and the Commission on Human Rights. These principles are also very similar to the Sullivan principles. These principles were drawn up years earlier by Reverend Sullivan, who had successfully promoted a similar idea in many African countries of making corporations more responsive to the social needs of the communities in which they operate.

The Compact was officially launched in July 2000 by the Secretary General appropriately in the Economic and Social Council at the United Nations. The presence of the upper echelons of major multinational corporations was as notable as the absence of representatives of UN member states, particularly those in the developing world. The latter's absence was an obvious demonstration of their disdain for globalization, their deep distrust of the corporate world, their suspicion of the enthusiasm with which these titans had embraced the Global Compact, and their outdated beliefs about the purity of the intergovernmental system.

Quietly, the representatives grumbled that the corporations had much to gain from their association with the UN and its widely respected and universally admired leader. They feared that these corporations would simply cloak themselves in the legitimacy of the blue UN blanket while they continue to pollute the environment, plunder national resources and exploit the indigenous workforce, including children. The price of membership, they argued, was too cheap. After all, the corporations were only required to commit their support to the principles of the Compact, and post on the world wide web, at least once a year, the concrete steps they have taken to act on any of the nine principles in their own corporations and the lessons learned from doing so.

These concerns, though valid, ignore the history of partnerships between private corporations and UN agencies. Merck and UNICEF have successfully worked together to cure river blindness; UNDP and CISCO systems are partners in the Net Aid project, designed to reduce poverty; and technology companies are currently vying for three available slots on the recently created UN Communications and Technology Taskforce. They also ignore the international corporations that engage in good business

practices, if for no other reason than enlightened self-interest. Moreover, the Global Compact is not a substitute for effective action by governments, nor does it supplant other voluntary initiatives. It seeks instead to complement these initiatives and, in some cases, to increase their visibility, legitimacy and universality.

The ultimate goal of the social compact is to enlist multinational corporations in the efforts of governments, multilateral institutions and non-governmental organizations to advance goals of social and economic development, such as reduction in poverty, enhancements in education, improvements in and access to healthcare, equal access to justice, and the universal engagement of human rights.

Protecting human rights everywhere is too big a job for governments alone. To be successful we need partners, and while we have been helped enormously by the NGO community in protecting the civil and political rights of people around the world, we need the corporate players in the global market place to ensure the access to economic, social, and cultural rights. If we are to address the impact of globalization, we have to find common approaches to resolving the labor, environmental, and human rights issues that companies inevitably face as they operate around the world. The underpinnings of both a profitable business environment and a salutary human rights environment rest on the same core foundations: rule of law and good governance. Partnerships like the Global Compact create a win-win situation for governments, civil society and the private sector.

One of the many ironies of globalization is that it has spawned the era of global corporate responsibility. Yes, there are corporations that still exploit workers' rights and child labor practices and plunder national resources, but the super connected world of informed activists have shined a very harsh spotlight on these practices. Companies, particularly in the extractive industries of oil and mining, which have huge impacts in communities in which they operate, have become lightning rods for sometimes violent political conflicts in key developing countries. Because the spotlight is harsher and the conflicts more intense, transnational corporations are beginning to understand that corporate social responsibility is not just good in and of itself, but also good for business. The initially slow response of the major drug companies to the AIDS pandemic, followed by their drastic reduction in the price of anti-retroviral drugs further illustrates the power of a global alignment of local governments, non-governmental organizations, and ordinary citizens to focus the responsibility of corporations, particularly in times of global crisis. As these companies expand their operations abroad they recognize that they are not merely visitors, but fully responsible citizens of the communities in which they operate. It is, therefore, not surprising that the Global Compact has grown from the 50 companies that met in New York last summer to the hundreds that have now signed up for membership.

The representatives of the United Nations' member states, who continue to use their well-founded skepticism about the role of corporations in that uniquely inter-governmental body to oppose this Compact, are miss-

ing a great opportunity to engage this sector. In the 1990s the UN held a series of conferences—on women, on development, on children, on human rights, on population—which began a dialogue that contributed to the unprecedented international consensus we have today on international development targets. We are all offended by the one to two billion people who live in abject poverty without adequate food, water, sanitation, health-care, or education for their children. We acknowledge that if we do not reduce the inequality between the lives of these one to two billion people and ours, there will be increases in conflicts, refugee movements, environmental degradation, disease, and natural disasters thereby affecting our own comfortable lives. We are faced not only with a moral challenge but also with a challenge to preserve our own self-interests. This coincidence of moral challenge and self-interest compels those who have the technological and material resources to remove extreme poverty from the human condition. But if we succumb to the anti-corporate, anti-globalization, anti-development, anti-WTO, anti-World Bank crowd, we would never achieve our consensus goal of halving poverty by 2015. The systematic reduction of poverty requires more international cooperation, not less. It requires greater flows of trade and investment, not less. It requires more representative institutions like the WTO, not less. In fact, in the current global economy, if we did not have the WTO, we would have had to invent it because we need a trade organization in which all can pursue their interests equally. Without it, the rich and powerful would dominate the rest. Yes, we need a trade organization to deter the developed countries from protectionist trade practices, but to also develop the capacities of poorer countries to negotiate in the international arena.

Seattle and Prague are noble achievements among those who decry commerce in almost any form and who naively believe that the transfer of wealth and technology from developed to developing worlds is the panacea for meeting those agreed upon poverty reduction targets. They ignore, at the expense of the very people they allege to help, the potential of private capital and technological innovation to provide new and better opportunities to achieve these targets. Sustained poverty reduction cannot be achieved without economic growth. Sustained economic growth requires a vibrant and strong private sector that generates employment and creates wealth; it also requires effective governments that provide access to health-care and education and justice.

The debate about private sector involvement in governmental bodies is tired and dated. CISCO now has a presence in twenty-three of the forty-six least developed countries—a statistic once associated with USAID and other AID organizations (once upon a time there was a public health nurse in most American communities). The promise of rich governments to give 0.7 percent of their gross domestic product to poorer countries remains not only a promise, it is a relic, its actual dollars now dwarfed by significantly larger sums of private capital flows. Far-flung colonial empires have been replaced by corporations, the borderless empires of which are more suited to the nimble responses in a world that demands them.

So the question is not whether we should be for or against corporate involvement or for or against globalization, but in the words of Kofi Annan, "how to ensure that globalisation becomes a positive force for all the world's people, instead of leaving billions of them behind in squalor."

In the post cold war world where, as Tom Friedman says, "no one is in charge," the UN does provide the best forum where all interested parties can come together to sort out this new landscape and to achieve some consensus on the way forward. The Global Compact has been criticized for its lack of enforcement mechanisms and for its reliance on self-monitoring. True, but the Compact is an initial attempt to develop and monitor codes of conduct. Its warm embrace by important segments of the "private" sector is an indication that we are in uncharted waters. Give the Compact credit for making human rights, the environment, the rule of law and civic responsibility an essential part of doing business in an increasingly globalized economy—before we find out who really is in charge.

